

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

IN RE:  ATMOS ENERGY CORPORATION	DOCKET NO. WRU-99-53
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**ORDER GRANTING WAIVER**

(Issued January 31, 2000)

On December 2, 1999, Atmos Energy Corporation (Atmos) filed with the Utilities Board (Board) an application for waiver of Iowa Code §§ 476.76 and 476.77 (1999) and 199 IAC 32. Atmos is a Texas and Virginia corporation with its principal office in Dallas, Texas. The division of Atmos that serves in Iowa is United Cities Gas Company (United Cities). United Cities is a natural gas distribution utility that serves approximately 4,750 customers in Iowa.

Atmos is proposing to acquire the Missouri natural gas distribution assets of Associated Natural Gas, a division of Arkansas Western Gas. Atmos is proposing to issue \$32 million in short-term debt to finance the acquisition. According to Atmos, the proposed acquisition would have a minimal impact on Atmos' capital structure and would not impact its ability to provide service to its Iowa customers. Atmos provided an affidavit stating the acquisition will increase the debt component by approximately 1 percent.

Iowa Code § 476.76 (1999) provides "reorganization" means the acquisition, sale, lease, or any other disposition, directly or indirectly, including by merger or

consolidation, of the whole or any substantial part of a public utility's assets. Neither the statutes nor the rules found in 199 IAC 32 limit the Board's jurisdiction to acquisitions or sales of Iowa assets.

The proposed transaction exceeds the dollar threshold for the acquisition or lease of assets contained in 199 IAC 32.2(1) and is not one of the types of transactions exempt pursuant to 199 IAC 32.2(3). However, Iowa Code § 476.77 (1999) states the Board "may waive the requirements of this section, if the board finds that board review is not necessary in the public interest." The standards for review in section 476.77 indicate the important question is the impact of the acquisition or sale on the utility's ability to attract capital, the utility's ratepayers, and the public interest generally.

Atmos' ability to attract capital should not be impacted. The acquisition will only increase the debt component of Atmos' capital structure by 1 percent. Further, the assets to be acquired are not located in Iowa and the acquisition can be expected to have no adverse impact on Iowa customers. Therefore, the acquisition should not impact service quality to Iowa customers, the Board's access to books and records, or the public interest generally.

Based on the representations made by Atmos in its application for waiver, the Board finds Atmos has established that Board review of the proposed transaction is not necessary in the public interest. A waiver of Iowa Code §§ 476.76 and 476.77 and 199 IAC 32 will be granted.

**IT IS THEREFORE ORDERED:**

Atmos Energy Company's application for waiver, filed December 2, 1999, is granted. The application of Iowa Code §§ 476.76 and 476.77 (1999) and 199 IAC 32 to the transaction discussed in the body of this order is waived.

**UTILITIES BOARD**

/s/ Allan T. Thoms

/s/ Susan J. Frye

ATTEST:

/s/ Raymond K. Vawter, Jr.      /s/ Diane Munns  
Executive Secretary

Dated at Des Moines, Iowa, this 31<sup>st</sup> day of January, 2000.